

1 AN ACT relating to a district board of education's levy of an equivalent tax rate.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 132.017 is amended to read as follows:

4 (1) As used in this section, "local governmental entity" includes a county fiscal court
5 and legislative body of a city, urban-county government, consolidated local
6 government, charter county government, or other taxing district.

7 (2) (a) That portion of a tax rate levied by an ordinance, order, resolution, or motion
8 of a local governmental entity or district board of education subject to recall as
9 provided for in KRS 68.245, 132.023, 132.027, and 160.470, shall go into
10 effect forty-five (45) days after its passage.

11 (b) During the forty-five (45) days next following the passage of the ordinance,
12 order, resolution, or motion, any five (5) qualified voters who reside in the
13 area where the tax levy will be imposed may commence petition proceedings
14 to protest the passage of the ordinance, order, resolution, or motion by filing
15 with the county clerk an affidavit stating that they constitute the petition
16 committee and that they will be responsible for circulating the petition and
17 filing it in the proper form within forty-five (45) days from the passage of the
18 ordinance, order, resolution, or motion. The affidavit shall state their names
19 and addresses and specify the address to which all notices to the committee
20 are to be sent. Upon receipt of the affidavit, the county clerk shall:

- 21 1. At the time of filing of the affidavit, notify the petition committee of all
22 statutory requirements for the filing of a valid petition under this section;
23 2. At the time of the filing of the affidavit, notify the petition committee
24 that the clerk will publish a notice identifying the tax levy being
25 challenged and providing the names and addresses of the petition
26 committee in a newspaper of general circulation within the county, if
27 such publication exists, if the petition committee remits an amount equal

1 to the cost of publishing the notice determined in accordance with the
2 provisions of KRS 424.160 at the time of the filing of the affidavit. If
3 the petition committee elects to have the notice published, the clerk shall
4 publish the notice within five (5) days of receipt of the affidavit; and

5 3. Deliver a copy of the affidavit to the appropriate local governmental
6 entity or district board of education.

7 (c) The petition shall be filed with the county clerk within forty-five (45) days of
8 the passage of the ordinance, order, resolution, or motion. All papers of the
9 petition shall be uniform in size and style and shall be assembled in one (1)
10 instrument for filing. Each sheet of the petition shall contain the names of
11 voters from one (1) voting precinct only, and shall include the name, number
12 and designation of the precinct in which the voters signing the petition live.
13 The inclusion of an invalid signature on a page shall not invalidate the entire
14 page of the petition, but shall instead result in the invalid signature being
15 stricken and not counted. Each signature shall be executed in ink or indelible
16 pencil and shall be followed by the printed name, street address, and Social
17 Security number or birthdate of the person signing. The petition shall be
18 signed by a number of registered and qualified voters residing in the affected
19 jurisdiction equal to at least ten percent (10%) of the total number of votes
20 cast in the last preceding presidential election.

21 (d) Upon the filing of the petition with the county clerk, the ordinance, order,
22 resolution, or motion shall be suspended from going into effect until after the
23 election referred to in subsection (3) of this section is held, or until the petition
24 is finally determined to be insufficient and no further action may be taken
25 pursuant to paragraph (h) of this subsection.

26 (e) The county clerk shall immediately notify the presiding officer of the
27 appropriate local governmental entity or district board of education that the

1 petition has been received and shall, within thirty (30) days of the receipt of
2 the petition, make a determination of whether the petition contains enough
3 signatures of qualified voters to place the ordinance, order, resolution, or
4 motion before the voters.

5 (f) If the county clerk finds the petition to be sufficient, the clerk shall certify to
6 the petition committee and the local governmental entity or district board of
7 education within the thirty (30) day period provided for in paragraph (e) of
8 this subsection that the petition is properly presented and in compliance with
9 the provisions of this section, and that the ordinance, order, resolution, or
10 motion levying the tax will be placed before the voters for approval.

11 (g) If the county clerk finds the petition to be insufficient, the clerk shall, within
12 the thirty (30) day period provided for in paragraph (e) of this subsection,
13 notify, in writing, the petition committee and the local governmental entity or
14 district board of education of the specific deficiencies found. Notification
15 shall be sent by certified mail and shall be published at least one (1) time in a
16 newspaper of general circulation within the county containing the local
17 governmental entity or district board of education levying the tax or, if there is
18 no such newspaper, shall be posted at the courthouse door.

19 (h) A final determination of the sufficiency of a petition shall be subject to final
20 review by the Circuit Court of the county in which the local governmental
21 entity or district board of education is located, and shall be limited to the
22 validity of the county clerk's determination. Any petition challenging the
23 county clerk's final determination shall be filed within ten (10) days of the
24 issuance of the clerk's final determination.

25 (i) The local governmental entity or district board of education may cause the
26 cancellation of the election by reconsidering the ordinance, order, resolution,
27 or motion and amending the ordinance, order, resolution, or motion to levy a

1 tax rate which will produce no more revenue from real property, exclusive of
2 revenue from new property as defined in KRS 132.010, than four percent
3 (4%) over the amount of revenue produced by the compensating tax rate
4 defined in KRS 132.010 from real property. The action by the local
5 governmental entity or district board of education shall be valid only if taken
6 within fifteen (15) days following the date the clerk finds the petition to be
7 sufficient.

8 (3) (a) If an election is necessary under the provisions of subsection (2) of this
9 section, the county fiscal court, legislative body of a city, urban-county
10 government, consolidated local government, or other taxing district shall
11 cause to be submitted to the voters of the county, district, consolidated local
12 government, or urban-county at the next regular election, the question as to
13 whether the property tax rate shall be levied. The question shall be submitted
14 to the county clerk not later than the second Tuesday in August preceding the
15 regular election.

16 (b) If an election is necessary for a school district under the provisions of
17 subsection (2) of this section, the district board of education may cause to be
18 submitted to the voters of the district in a called common school election not
19 less than thirty-five (35) days nor more than forty-five (45) days from the date
20 the signatures on the petition are validated by the county clerk, or at the next
21 regular election, at the option of the district board of education, the question
22 as to whether the property tax rate shall be levied. If the election is held in
23 conjunction with a regular election, the question shall be submitted to the
24 county clerk not later than the second Tuesday in August preceding the regular
25 election. The cost of a called common school election shall be borne by the
26 school district holding the election. Any called common school election shall
27 comply with the provisions of KRS 118.025.

1 (c) In an election held under paragraph (a) or (b) of this subsection, the question
2 shall be so framed that the voter may by his or her vote answer "for" or
3 "against." If a majority of the votes cast upon the question oppose its passage,
4 the ordinance, order, resolution, or motion shall not go into effect. If a
5 majority of the votes cast upon the question favor its passage, the ordinance,
6 order, resolution, or motion shall become effective.

7 (d) 1. Except as provided in subparagraph 2. of this paragraph, if the
8 ordinance, order, resolution, or motion fails to pass pursuant to an
9 election held under paragraph (a) or (b) of this subsection, the property
10 tax rate which will produce four percent (4%) more revenues from real
11 property, exclusive of revenue from new property as defined in KRS
12 132.010, than the amount of revenue produced by the compensating tax
13 rate defined in KRS 132.010, shall be levied without further approval by
14 the local governmental entity or district board of education.

15 2. If the ordinance, order, resolution, or motion to levy a tax rate that:

16 a. Was subject to recall at the time it was levied;

17 b. Included at least a five cents (\$0.05) equivalent rate for the
18 purpose of debt service for school construction or major
19 renovation of existing school facilities;

20 c. Was levied by a district board of education; and

21 d. Was levied after the effective date of this Act;

22 fails to pass pursuant to an election held under paragraph (a) or (b) of
23 this subsection, the property tax rate which will produce no more
24 revenue than the amount of revenue produced by the compensating
25 tax rate defined in KRS 132.010 shall be levied and the district board
26 of education shall wait three (3) years from the date of the election
27 before levying another equivalent tax rate of at least five cents (\$0.05).

1 (4) Notwithstanding any statutory provision to the contrary, if a local
2 governmental entity or district board of education has not established a
3 final tax rate as of September 15, due to the recall provisions of this
4 section, KRS 68.245, 132.027, or 160.470, regular tax bills shall be
5 prepared as required in KRS 133.220 for all districts having a tax rate
6 established by that date; and a second set of bills shall be prepared and
7 collected in the regular manner, according to the provisions of KRS
8 Chapter 132, upon establishment of final tax rates by the remaining
9 districts.

10 (5) If a second billing is necessary, the collection period shall be extended to conform
11 with the second billing date.

12 (6) All costs associated with the second billing shall be paid by the taxing district or
13 districts requiring the second billing.

14 ➔Section 2. KRS 160.470 is amended to read as follows:

15 (1) (a) Notwithstanding any statutory provisions to the contrary, no district board of
16 education shall levy a general tax rate which will produce more revenue,
17 exclusive of revenue from net assessment growth as defined in KRS 132.010,
18 than would be produced by application of the general tax rate that could have
19 been levied in the preceding year to the preceding year's assessment, except as
20 provided in subsections (9) and (10) of this section and KRS 157.440.

21 (b) If an election is held as provided for in KRS 132.017 and the question should
22 fail, such failure shall not reduce the "...general tax rate that could have been
23 levied in the preceding year..." referred to in subsection (1)(a) of this section,
24 for purposes of computing the general tax rate for succeeding years.

25 In the event of a merger of school districts, the limitations contained in this section
26 shall be based upon the combined revenue of the merging districts, as computed
27 under the provisions of this section.

- 1 (2) No district board of education shall levy a general tax rate within the limits imposed
2 in subsection (1) of this section which respectively exceeds the compensating tax
3 rate defined in KRS 132.010, except as provided in subsections (9) and (10) of this
4 section, KRS 157.440, and KRS 157.621, until the district board of education has
5 complied with the provisions of subsection (7) of this section.
- 6 (3) Upon receipt of property assessments from the Department of Revenue, the
7 commissioner of education shall certify the following to each district board of
8 education:
- 9 (a) The general tax rate that a district board of education could levy under the
10 provisions of subsection (1) of this section, and the amount of revenue
11 expected to be produced;
- 12 (b) The compensating tax rate as defined in KRS 132.010 for a district's general
13 tax rate the amount of revenue expected to be produced;
- 14 (c) The general tax rate which will produce, respectively, no more revenue from
15 real property, exclusive of revenue from new property, than four percent (4%)
16 over the amount of revenue produced by the compensating tax rate defined in
17 KRS 132.010, and the amount of revenue expected to be produced.
- 18 (4) Upon completion of action on property assessment data, the Department of Revenue
19 shall submit certified property assessment data as required in KRS 133.125 to the
20 chief state school officer.
- 21 (5) Within thirty (30) days after the district board of education has received its
22 assessment data, the rates levied shall be forwarded to the Kentucky Board of
23 Education for its approval or disapproval. The failure of the district board of
24 education to furnish the rates within the time prescribed shall not invalidate any
25 levy made thereafter.
- 26 (6) (a) Each district board of education shall, on or before January 31 of each
27 calendar year, formally and publicly examine detailed line item estimated

1 revenues and proposed expenditures for the subsequent fiscal year. On or
2 before May 30 of each calendar year, each district board of education shall
3 adopt a tentative working budget which shall include a minimum reserve of
4 two percent (2%) of the total budget.

5 (b) Each district board of education shall submit to the Kentucky Board of
6 Education no later than September 30, a close estimate or working budget
7 which shall conform to the administrative regulations prescribed by the
8 Kentucky Board of Education.

9 (7) (a) Except as provided in subsections (9) and (10) of this section and KRS
10 157.440, a district board of education proposing to levy a general tax rate
11 within the limits of subsection (1) of this section which exceed the
12 compensating tax rate defined in KRS 132.010 shall hold a public hearing to
13 hear comments from the public regarding the proposed tax rate. The hearing
14 shall be held in the principal office of the taxing district or, in the event the
15 taxing district has no office, or the office is not suitable for such a hearing, the
16 hearing shall be held in a suitable facility as near as possible to the geographic
17 center of the district.

18 (b) The district board of education shall advertise the hearing by causing the
19 following to be published at least twice for two (2) consecutive weeks, in the
20 newspaper of largest circulation in the county, a display type advertisement of
21 not less than twelve (12) column inches:

- 22 1. The general tax rate levied in the preceding year, and the revenue
23 produced by that rate;
- 24 2. The general tax rate for the current year, and the revenue expected to be
25 produced by that rate;
- 26 3. The compensating general tax rate, and the revenue expected from it;
- 27 4. The revenue expected from new property and personal property;

- 1 5. The general areas to which revenue in excess of the revenue produced in
- 2 the preceding year is to be allocated;
- 3 6. A time and place for the public hearing which shall be held not less than
- 4 seven (7) days nor more than ten (10) days after the day that the second
- 5 advertisement is published;
- 6 7. The purpose of the hearing; and
- 7 8. A statement to the effect that the General Assembly has required
- 8 publication of the advertisement and the information contained herein.
- 9 (c) In lieu of the two (2) published notices, a single notice containing the required
- 10 information may be sent by first-class mail to each person owning real
- 11 property, addressed to the property owner at his residence or principal place of
- 12 business as shown on the current year property tax roll.
- 13 (d) The hearing shall be open to the public. All persons desiring to be heard shall
- 14 be given an opportunity to present oral testimony. The district board of
- 15 education may set reasonable time limits for testimony.
- 16 (8) (a) That portion of a general tax rate, except as provided in subsections (9) and
- 17 (10) of this section, KRS 157.440, and KRS 157.621, levied by an action of a
- 18 district board of education which will produce, respectively, revenue from real
- 19 property, exclusive of revenue from new property, more than four percent
- 20 (4%) over the amount of revenue produced by the compensating tax rate
- 21 defined in KRS 132.010, shall be subject to a recall vote or reconsideration by
- 22 the district board of education as provided for in KRS 132.017, and shall be
- 23 advertised as provided for in paragraph (b) of this subsection.
- 24 (b) The district board of education shall, within seven (7) days following adoption
- 25 of an ordinance, order, resolution, or motion to levy a general tax rate, except
- 26 as provided in subsections (9) and (10) of this section and KRS 157.440,
- 27 which will produce revenue from real property, exclusive of revenue from

1 new property as defined in KRS 132.010, more than four percent (4%) over
2 the amount of revenue produced by the compensating tax rate defined in KRS
3 132.010, cause the following to be published, in the newspaper of largest
4 circulation in the county, a display type advertisement of not less than twelve
5 (12) column inches:

- 6 1. The fact that the district board of education has adopted such a rate;
- 7 2. The fact that the part of the rate which will produce revenue from real
8 property, exclusive of new property as defined in KRS 132.010, in
9 excess of four percent (4%) over the amount of revenue produced by the
10 compensating tax rate defined in KRS 132.010 is subject to recall; and
- 11 3. The name, address, and telephone number of the county clerk of the
12 county or urban-county in which the school district is located, with a
13 notation to the effect that that official can provide the necessary
14 information about the petition required to initiate recall of the tax rate.

15 (9) (a) Notwithstanding any statutory provisions to the contrary, effective for school
16 years beginning after June 30, 1990, the board of education of each school
17 district shall levy a minimum equivalent tax rate of thirty cents (\$0.30) for
18 general school purposes. Equivalent tax rate is defined as the rate which
19 results when the income collected during the prior year from all taxes levied
20 by the district for school purposes is divided by the total assessed value of
21 property plus the assessment for motor vehicles certified by the Department of
22 Revenue. School districts collecting school taxes authorized by KRS 160.593
23 to 160.597, 160.601 to 160.633, or 160.635 to 160.648 for less than twelve
24 (12) months during a school year shall have included in income collected
25 under this section the pro rata tax collection for twelve (12) months.

- 26 (b) If a board fails to comply with paragraph (a) of this subsection, its members
27 shall be subject to removal from office for willful neglect of duty pursuant to

1 KRS 156.132.

2 (10) **Except as provided by subsection (3)(d)2. of Section 1 of this Act,** a district board
3 of education may levy a general tax rate that will produce revenue from real
4 property, exclusive of revenue from new property, that is four percent (4%) over the
5 amount of the revenue produced by the compensating tax rate as defined in KRS
6 132.010.